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Changes to Michigan's Prevailing Wage Program

The following improvements have been made to Michigan's Prevailing Wage program over the last three years:

- **Allow third parties to file complaints** – Previously, a Prevailing Wage complaint could only be filed by the individual worker. The individual worker, however, might fear losing their job; or feel that others at the job site might dispute or ostracize the worker and be unsure if the job is prevailing wage or what classifications or wages are appropriate. Now, a complaint can be filed by a third party, such as a union representative or business agent or someone else who knows how to document what the issues are. The third party can also file for more than one person on the job site.
- **Posting at site** – Job classifications and wage rates must be visibly posted at the job site where trades workers can easily see them. Failure to post prevailing wage rates is a violation of the Prevailing Wage Act.
- **Bona fide apprentices** – Michigan's Wage & Hour Division has implemented a policy requiring that all apprentices be certified by the USDOL Bureau of Apprenticeship & Training (BAT). If not certified, the employer must pay the worker the higher journey-level wage.
- **90-Day escape rule** – Previously, the Division lacked jurisdiction when a project's prevailing wage rates were more than 90-days-old. Consequently, a contractor could conceivably time or "inadvertently" see a project start delayed beyond the 90 days from the date the prevailing wage rates were requested and thereby escape any enforcement by the division. Now, the rule has changed to provide jurisdiction when rates are issued for the project.
- **Fringe benefit abuses** – In the past, a contractor could reduce the prevailing wage amount by allocating all of an employee's fringe benefit costs to just the prevailing wage job hours. For example, a worker could spend 80 hours on a prevailing wage job and 80 hours on a non-prevailing wage job, and the contractor could allocate all 160 hours of fringes to the prevailing wage job. Today, fringe benefits hours must be prorated to the jobs in which they were earned.
- **Jurisdictional improvements:** Previously, the Wage & Hour Division did not exercise jurisdiction on a project if the bid letter did not specifically refer to it as a Prevailing Wage project. The Division will now take jurisdiction if there is significant evidence that it is a Prevailing Wage project (e.g., rates enclosed in bid specifications).
- **Continuous updates of current prevailing wages** – In the past, the Wage & Hour Division would survey once a year to determine current wages and job classifications. However, by the time all counties and groups had responded and because the information would be used for future year contracts, the wage data was often outdated by two or more years. The new data allows trade groups to initiate the process whenever there are new rates in an area, reducing by about 18 months the out date nature of the wages.
- **Community colleges included** – The Prevailing Wage policy for schools and higher education omitted community colleges. The policy has been

updated to include them.

- **M-DOT improvements:** The Division worked extensively with the Michigan Department of Transportation to improve prevailing wage rates and contract language.
- **Debarment policy** – The State of Michigan implemented a policy to debar contractors for violating the Prevailing Wage Act. Debarred companies would be prevented from doing business with the state for up to eight years. The Wage & Hour Division has also computerized the monitoring of Act violations for possible debarment actions.
- **Miscellaneous changes** – Other administrative changes to Michigan's Prevailing Wage law now take into consideration a truck driver's time on and off the project site, if the driver did more than merely unload the delivery; and, clarify the definition of a foreperson.



Michigan Department of Labor & Economic Growth
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